

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SC HEALTHCARE HOLDING, LLC *et al.*,

Debtors.¹

Chapter 11

Case No. 24-10443 (TMH)

Jointly Administered

Hearing Date: N/A

Objection Deadline: N/A

**DEBTORS' MOTION FOR ORDER (I) SHORTENING THE TIME FOR
NOTICE OF HEARING ON DEBTORS' BID PROTECTIONS NOTICE PURSUANT
TO BID PROCEDURES ORDER AND (II) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (each, a “Debtor” and, collectively, the “Debtors”) hereby submit this motion (this “Motion to Shorten”) for the entry of an order, substantially in the form attached hereto as **Exhibit A**, pursuant to Rule 9006(c) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) (a) shortening the time required for the Court’s consideration of certain proposed bid protections (the “Bid Protections”) described in that certain *Notice of Stalking Horse Bidder and Proposed Bid Protections* [Docket No. 564] (the “Bid Protections Notice”),² filed contemporaneously herewith, so that the relief described in the Bid Protections Notice and contemplated in that certain form of order attached thereto (the “Bid Protections Order”) may be

¹ The last four digits of SC Healthcare Holding, LLC’s tax identification number are 2584. The mailing address for SC Healthcare Holding, LLC is c/o Petersen Health Care Management, LLC 830 West Trailcreek Dr., Peoria, IL 61614. Due to the large number of debtors in these Chapter 11 Cases, whose cases are being jointly administered, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information is available on a website of the Debtors’ claims and noticing agent at <http://www.kccllc.net/Petersen>.

² All terms not otherwise defined herein shall be given the meanings ascribed to them in the Bid Protections Notice or the Bid Procedures Order (defined below).



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heard on July 1, 2024 (the “Proposed Hearing”), or as soon as possible thereafter, and (b) providing that any objections to the proposed Bid Protections are due at the commencement of the Proposed Hearing (the “Proposed Objection Deadline”). In support of this Motion to Shorten, the Debtors respectfully state as follows:

1. Bankruptcy Rule 2002 requires twenty-one (21) days’ notice prior to the hearing date for motions involving the use of estate property. *See* Fed. R. Bankr. P. 2002(a)(2). Further, Local Rule 9006-1(i) provides that “[u]nless the Fed. R. Bankr. P. or these Local Rules state otherwise, all motion papers shall be filed and served in accordance with Local Rule 2002-1(b) at least fourteen (14) days prior to the hearing date.” *See* Del. Bankr. L.R. 9006-1(i). Local Rule 9006-1(e) provides that such periods may be shortened by order of the Court upon written motion specifying the exigencies supporting shortened notice. *See id.* at 9006-1(e).

2. On May 21, 2024, the Court entered that certain *Order (I) Approving (A) Bidding Procedures and (B) Assumption and Assignment Procedures and (II) Granting Related Relief* [Docket No. 341] (the “Bid Procedures Order”). Paragraph 6 of the Bid Procedures Order provides that, in the event that the Debtors designate a Stalking Horse Bidder(s) for the sale of all or substantially all of their assets (the “Assets”), the Debtors are authorized to offer the Bid Protections to the Stalking Horse Bidder(s), including a reasonable break-up fee and expense reimbursement. Moreover, paragraph 6 of the Bid Procedures Order directs the Debtors to file the Bid Protections Notice seeking Court approval of any Bid Protections offered, which, as also set forth in paragraph 6 of the Bid Procedures Order, shall be set for hearing on not less than three (3) business days’ notice, subject to Court availability and the Debtors’ submission of a motion seeking to shorten notice with respect to Bid Protections.

3. In accordance with the Bid Procedures Order, through this Motion to Shorten, the Debtors seek to shorten notice of the Proposed Hearing with respect to the relief described in the Bid Protections Notice and, if approved, authorized by the Bid Protections Order.

4. As a result of extensive efforts by the Debtors' investment sales broker, counsel, and senior management, the Debtors have secured a stalking horse bid from Cascade (the "Stalking Horse Bidder") for substantially all of the Assets (with certain exclusions). This binding bid has been memorialized into an executed Asset Purchase Agreement (the "Stalking Horse Agreement"), between the Debtors and the Stalking Horse Bidder for the purchase of applicable Assets for an aggregate purchase price of \$118,000,000.00 plus the assumption of the Assumed Liabilities (as defined in the Stalking Horse APA, subject to certain prorations and adjustments.

5. The Debtors believe that the Stalking Horse Agreement provides significant value to the Debtors' estates and offers the best opportunity to foster a competitive bidding process which will generate a value-maximizing transaction. Because the Stalking Horse Agreement is subject to higher and better offers at the Auction scheduled for July 2, 2024, the Stalking Horse Bidder required the Bid Protections in connection with submitting its bid, and the Debtors, in turn, determined that the Bid Protections were critical to obtaining the Stalking Horse Bidder's participation in the sales and marketing process prior to the Bid Deadline.

6. The Bid Protections consist of (i) an expense reimbursement of up to \$500,000 for the Stalking Horse Purchaser's reasonable and documented out-of-pocket costs, fees and expenses (including reasonable expenses of legal, financial advisory, accounting and other similar costs, fees and expenses) related to, among other things, negotiating and finalizing the Stalking Horse Agreement and conducting diligence in pursuit thereof, and (ii) a break-up fee

equal to 3.0% of the Purchase Price, subject to certain potential adjustments, in the event that the Debtors close an alternative transaction other than the Stalking Horse Agreement for the subject Assets. The Debtors believe that providing the Stalking Horse Bidder with the Bid Protections has promoted—and will continue to promote—competitive bidding by inducing the Stalking Horse Bidder’s bid and setting the floor for bidding at the Auction. The Debtors believe that the Bid Protections represent customary and market terms for a transaction of this nature and size, and the Debtors will present evidence in support of the Bid Protections at or prior to the Proposed Hearing.

7. Based on the timeline for the Sale set forth in the Bid Procedures Order, which provides that bids are due on or before July 1, 2024, at 1:00 p.m. prevailing Eastern Time, an auction (if necessary) will be held on July 2, 2024,³ at 11:00 a.m. prevailing Eastern Time, the Sale Hearing will be conducted on July 10, 2024, at 10:00 a.m. prevailing Eastern Time, and the Sale must close no later than August 16, 2024, the Court’s consideration of the Bid Protections Notice prior to the Bid Deadline and Auction is critical to the Debtors’ efforts to preserve and maximize value through the sale process and to ensure that the Debtors obtain the highest and or otherwise best offer for the Assets. Indeed, it is imperative that the Bid Protections be considered prior to the Bid Deadline and Auction so that competing bidders have a full understanding of the overbid increments which will govern the bidding process, and the Stalking Horse Bidder may proceed with the comfort that the Bid Protections—which were instrumental to its bid—have been approved by the Court.

³ The Debtors have extended certain important dates established by the Bid Procedures Order in consultation with the Consultation Parties, which are reflected in the (i) *Notice of Revised Dates Relating to Bidding Procedures Deadlines* [Docket No. 519]; (ii) *Second Notice of Revised Dates Relating to Bidding Procedures Deadlines* [Docket No. 545]; (iii) *Third Notice of Revised Dates Relating to Bidding Procedures Deadlines* [Docket No. 555]; and (iv) *Fourth Notice of Revised Dates Relating to Bidding Procedures Deadlines* [Docket No. 562].

8. Given the foregoing, the Debtors submit that there is ample justification to schedule an expedited hearing on the Bid Protections Notice and shorten the applicable notice period so that the relief sought in the Bid Protections Order, as contemplated by the Bid Procedures Order, can be considered on the Proposed Hearing.

9. Given the shortened notice period, on the date hereof, the Bid Protections Notice will be served by overnight and/or electronic or hand delivery on: (i) the U.S. Trustee; (ii) the Committee; (iii) counsel to the Stalking Horse Bidder; (iv) counsel to the DIP Lender; (v) counsel to the Prepetition Secured Parties; and (vi) all parties who, as of the date hereof, have filed a notice of appearance and request for service of papers in these chapter 11 cases pursuant to Bankruptcy Rule 2002. The Debtors submit that, under the facts and circumstances of these chapter 11 cases, such notice is good and sufficient, and that no other or further notice of the Bid Protections Notice and the requested hearing thereon should be required.

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Dated: June 26, 2024
Wilmington, Delaware

Respectfully submitted,

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*Counsel for the Debtors and Debtors in
Possession*

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

**SC HEALTHCARE HOLDING, LLC *et al.*,
Debtors.¹**

Chapter 11

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Ref. Docket No. ____

**ORDER (I) SHORTENING THE TIME FOR
NOTICE OF HEARING ON DEBTORS' BID PROTECTIONS NOTICE PURSUANT
TO BID PROCEDURES ORDER AND (II) GRANTING RELATED RELIEF**

Upon consideration of the motion (the "Motion to Shorten")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order"), (a) shortening the time required for notice of the hearing to consider approval of the relief sought described in the Bid Protections Notice so that entry of the Bid Protections Order may be considered at hearing to be held on July 1, 2024, at _ : __ a.m. prevailing Eastern Time, and (b) providing that any objections to the relief described in the Bid Protections Notice shall be due at the commencement of the hearing thereon; and this Court having determined that, under the facts and circumstances of these chapter 11 cases and the relief granted by the Bid Procedures Order, granting the relief requested in the Motion to Shorten is appropriate; and having determined that due and adequate notice of the Motion to Shorten has been given, and that no other or further notice need be given; and after due deliberation and sufficient cause appearing therefor,

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² All terms not otherwise defined herein shall be given the meanings ascribed to them in the Motion to Shorten.

IT IS HEREBY ORDERED THAT:

1. The Motion to Shorten is granted as set forth herein.
2. The relief described in the Bid Protections Notice and contemplated by the Bid Protections Order shall be heard (the "Hearing") on July 1, 2024 at _:___ a.m. (ET).
3. Any objections to the relief described in the Bid Protections Notice and contemplated by the Bid Protections Order shall be due at the commencement of the Hearing.
4. This Court shall retain jurisdiction over any and all matters arising from or related to the implementation or interpretation of this Order.